FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554
DEC 1 2 2001

OFFICE OF
MANAGING DIRECTOR

56-245

George L. Lyon, Jr.
Lukas, Nace, Gutierrez & Sachs.
1111 19th Street, N.W.
Suite 1200
Washington, DC 20036

Re: Request for Waiver of FY 2001
Regulatory Fees
Fee Control No. 00000RROG-01-027

Dear Mr. Lyon:

This letter is in response to your request for waiver of Fiscal Year (FY) 2001 regulatory fees filed on behalf of PNI Spectrum, LLC (PNI).

You recite that on June 8, 2001 PNI, its parent and affiliates, filed for protection under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia. In light of PNI's financial condition, you assert that payment of its regulatory fees for over 200 CMRS licenses would impose an undue hardship on the company's limited financial resources.

The Commission will grant waivers of its regulatory fees on a sufficient showing of financial hardship. Evidence of bankruptcy or receivership is sufficient to establish financial hardship. See Implementation of Section 9 of the Communications Act, 10 FCC Rcd 12759, 12761-62 (1995) (waivers granted for licensees whose stations are bankrupt, undergoing Chapter 11 reorganization, or in receivership). You have submitted information showing that PNI has been the subject of Chapter 11 bankruptcy proceedings since June 8, 2001. Therefore, your request for waiver of the FY 2001 regulatory fees for PNI is granted.

If you have any questions concerning this letter, please contact the Revenue and Receivable Operation Group at (202) 418-1995.

Sincerely,

Mark A. Reger
Chief Financial Officer

0000 0KR06-01-02 /
E&D S1

LUKAS, NACE, GUTIERREZ & SACHS

CHARTERED
1111 NINETEENTH STREET, N.W.
SUITE 1200
WASHINGTON, D.C. 20036
(202) 857-3500

RUSSELL D. LUKAS
DAVID L. NACE
THOMAS GUTIERREZ
ELIZABETH R. SACHS
GEORGE L. LYON, JR.
JOEL R. KASWELL
PAMELA L. GIST
DAVID A. LAFURIA
MARILYN SUCHECKI MENSE
PAMELA GAARY HOLRAN
B. LYNN F. RATNAVALE
TODD SLAMOWITZ
DAVID M. BRIGLIA
ALLISON M. JONES
\+ NOT ADMITTED IN D.C.

CONSULTING ENGINEERS
ALI KUZEHKANANI
LEROY A. ADAM
LEILA REZANAVAZ
TY COLONEY

OF COUNSEL
JOHN J. MCAVOY
J.K. HAGE III+
LEONARD S. KOLSKY+

TELECOPIER
(202) 857-5747

Email: lngs@fcclaw.com
http://www.fcclaw.com

WRITER'S DIRECT DIAL

September 26, 2001

VIA HAND DELIVERY

WF9

Office of the Managing Director
Federal Communications Commission
445 12th Street, S.W., Room 1-A625
Washington, DC 20554

Attn: Regulatory Fee Waiver/Reduction Request

RE: Request for Waiver of Regulatory Fees for PNI Spectrum, LLC

Dear Sir:

On behalf of PNI Spectrum, LLC ("PNI"), this will request waiver of the regulatory fee payment due this day.

The basis for this waiver request, as explained below, is the compelling and extraordinary circumstance that the licensee is in Chapter 11 Bankruptcy proceedings.

PNI provides unbranded, wholesale one-way wireless messaging network services and related products to companies for resale to its customers.

As reported in public filings with the SEC, PNI experienced an erosion of its revenues from traditional one-way paging, which is the core of its networking services business and its principal source of revenue. This decline in networking services revenue is indicative of the trends being experienced by other one-way paging carriers. This and other factors combined to cause the Company to experience significant net losses and negative cash flows, and substantially to consume its available cash resources. As a result of the tightening of both public and private capital markets, PNI was unable to obtain additional capital to fund its operations.

On June 8, 2001 ("Petition Date"), PNI, its parent and affiliates (collectively "Company") filed for protection under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia ("Bankruptcy Court"). *See* Exhibit 1. PNI continues to manage its property and operate its business as "debtor-in-possession" in accordance with the applicable provisions of the Bankruptcy Code. No trustee or examiner has been appointed to the case. PNI publicly announced the filing of its bankruptcy petition in a press release and in a Current Report on Form 8-K. *See* Exhibits 2 and 3. The case number assigned PNI is 01-67598JB. *See* Exhibit 4.

As part of its reorganization, PNI has reduced its workforce by more than 90 percent and instituted other cost saving measures to limit reduction in public service. Despite these efforts, the licensee has nevertheless had to suspend service in a number of markets to conserve cash. *See* Declaration of CEO Mark B. Jones, Exhibit 5, hereto.

The Company has three primary lenders. The Company was unable to make required principal and interest payments to these lenders from early 2001 to the Petition Date. Since the Petition Date, the Company has remained unable to make payments to two of these three lenders but has made a total of $614,000 in debt service payments to one of these lenders pursuant to orders permitting use of cash collateral issued by the Bankruptcy Court. In addition, the Company has credit facilities under which it has purchased certain of its paging network equipment. The Company has ceased making principal and interest payments on both credit facilities, actions which constitute default under these facilities.

In its Form 10-K filed on April 16, 2001 ("10-K) (Exhibit 6, hereto), the Company disclosed that its network services business, which constitutes the Company's principal revenue source, was continuing its "trend towards lower per user and aggregate revenues" and that such trend might continue. In the 10-K, the Company also disclosed that the networking products business it was developing was subject to risks and difficulties, including "limited funding from PNI, a competitive business environment, the validity of certain patent and intellectual property rights protecting this technology, other competing products offered by third party manufacturers, and the overall economic state of the telecommunications industry." The Company further disclosed that, given these risks, there was no assurance that the Company's efforts in the sale of networking products would be successful.

In the 10-K, the Company disclosed that it had ceased making principal and interest payments to its three primary lenders, and that it had notified these lenders of its efforts to complete a strategic transaction that would enable the Company to repay them. As set forth in the 10-K, "these lenders presently are able to declare the principal and all accrued interest currently due. In such event, PNI would be required to explore a variety of alternatives, including selling or leasing various assets, or seeking protection under the U.S. Bankruptcy Code." Even in the absence of a lender foreclosure, the Company noted in the 10-K that it would need to restructure its existing debt, and that a bankruptcy filing may be necessary to accomplish such a restructuring. The Company noted specifically that "(b)ecause of the expense associated with a bankruptcy proceeding and the need to have some resources available to fund the bankruptcy process at the time of filing, PNI will continue to consider such a filing an option which could be exercised by PNI at any time."

As reported in its SEC reports, concurrent with its Chapter 11 bankruptcy filing, the Company suspended all development, assembly and shipments of its networking products. *See* Exhibit 7. The Company does not expect to resume such activities in the foreseeable future. The Company's principal revenue source remains its network services business, principally the sale of network "airtime" for one-way paging, which continues its trend towards lower per-user and aggregate revenues. To reduce its operating losses, the Company has discontinued service in certain markets that were not profitable (consisting of its networks in the Midwest, Florida, the Mid-Atlantic and selected networks operating on certain frequencies in the Southeast and Northeast). In connection with the shutdown of these markets, the number of transmitter tower sites operated by the Company has decreased from approximately 450 sites prior to the Petition Date to approximately 185 sites today. The Company intends to continue to operate its profitable networks, which consist of the majority of its Northeast and Southeast operations. Accordingly, although the Company believes its efforts to eliminate unprofitable operations and reduce the size of its operations may enable it to become profitable, the reduction in network markets will result in a further decrease in revenues.

In light of its financial condition, payment of its regulatory fees would pose an undue hardship on the Company's limited financial resources.

The Company has made substantial reductions in its response to its financial difficulties. The Company at its peak employed approximately three hundred thirty-nine (339) employees but presently has approximately twenty (20) full-time employees (including full-time temporary employees hired as independent contractors) and including a corporate financial and accounting staff.

During the reorganization period, the funds required to pay PNI's regulatory fee will be scarce; available cash will be needed to pay secured creditors and meet administrative expenses, including payments for essential services, such as telecommunications services, and payments to other outside professionals including bankruptcy attorneys and financial advisors. The Company is taking dramatic steps to eliminate expenses in an effort to create positive cash flow, repay its lenders and emerge from bankruptcy. Suspension of the Company's obligation to pay its regulatory fees will help the Company further reduce expenses and thereby advance the Company's efforts to emerge from bankruptcy.

Thus, payment of its regulatory fees will further reduce the licensee's available cash to support operations, will result in further limitations of service to the public and will cause further financial hardship to the licensee. *See* Exhibit 5, declaration of CEO Mark B. Jones.

Accordingly, it is plain that the licensee has met the standard of showing compelling and extraordinary circumstances to justify waiver of the regulatory fee payment. Therefore, it is respectfully requested that the Commission waive PNI's regulatory fee payment.

Should any questions arise concerning this request, kindly contact this office.

Very truly yours,

George L. Lyon, Jr.

GLL/nes
Exhibits 1-7

0000 0 KR06-01-002 / Ex SI

LUKAS, NACE, GUTIERREZ & SACHS

CHARTERED

1111 NINETEENTH STREET, N.W.
SUITE 1200
WASHINGTON, D.C. 20036
(202) 857-3500

TELECOPIER
(202) 857-5747

Email: lngs@fcclaw.com
http://www.fcclaw.com

WRITER'S DIRECT DIAL

RECEIVED
SEP 26 2001
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

September 26, 2001

VIA HAND DELIVERY

Office of the Managing Director
Federal Communications Commission
445 12th Street, S.W., Room 1-A625
Washington, DC 20554

ACCOUNT PROCESSING
CODE-OPT/RPT/TMT
2001 SEP 27 P 3:19
RECEIVED
FCC

Attn: Regulatory Fee Waiver/Reduction Request

RE: Request for Waiver of Regulatory Fees for PNI Spectrum, LLC

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Should any questions arise concerning this request, kindly contact this office.

Very truly yours,

George L. Lyon, Jr.

GLL/nes
Exhibits 1-7

EXHIBIT 1

June 11, 2001

Re:	PNI Technologies, Inc. ("PNI"),	Case No. 01-67595
	PNI Corp.	Case No. 01-67596
	PNI System, LLC	Case No. 01-67597
	PNI Spectrum, LLC	Case No. 01-67598
	PNI Georgia, Inc.	Case No. 01-67599
	Mercury Paging & Communications, Inc.	Case No. 01-67600
	Custom Page, Inc.	Case No. 01-67601
	HTB Communications Inc.	Case No. 01-67602
	M.P.C. Distributors Inc.	Case No. 01-67603

United States Bankruptcy Court, Northern District of Georgia

To Whom It May Concern:

This letter will inform you that the above named entities filed a Petition, pursuant to Chapter 11 of the U.S. Bankruptcy Code, with the United States Bankruptcy Court for the Northern District of Georgia ("Bankruptcy Court") on June 8, 2001. Enclosed is a copy of the Form 8/K filed with the Securities and Exchange Commission and a Press Release announcing this filing.

Counsel for the above named entities during this proceeding is the following:

Herbert C. Broadfoot, II
Ragsdale, Beals, Hooper & Seigler, LLP
2400 International Tower
Peachtree Center
229 Peachtree Street, N.E.
Atlanta, Georgia 30303-1629
(404) 588-0500 telephone
(404) 523-6714 facsimile

You will be receiving notification from the Bankruptcy Court regarding this filing in the near future.

Your are hereby directed to <u>not</u> terminate, or otherwise impair, any services currently provided to the above named entities without the approval of the Bankruptcy Court. In the event you have any questions regarding this notification and the services to be provided during this proceeding, we strongly urge you to consult with legal counsel. If you have any other questions regarding this matter, please do not hesitate to call me at (770) 582-3567.

Best Regards,

Mark B. Jones
Chief Executive Officer

Ltr.610

EXHIBIT 2

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) June 8, 2001

PNI TECHNOLOGIES, INC.

(Exact name of Registrant as Specified in its Charter)

Georgia	**0-27658**	**58-1954892**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

850 Center Way, Norcross, GA 30071
(Address of principal executive offices)
(Zip Code)

(770) 582-3500
(Registrant's telephone number including area code)

Not Applicable
(Former name or former address, if changed since last report)

Item 3. BANKRUPTCY OR RECEIVERSHIP

On June 8, 2001, PNI Technologies, Inc. filed a voluntary petition for reorganization under Title 11 of the United States Code (the "Bankruptcy Code") in Federal District Court in Atlanta, Georgia. The Company continues to manage its property and operate its business as "debtor-in-possession" in accordance with the applicable provisions of the Bankruptcy Code. No trustee or examiner has been appointed to the case.

For more information regarding the bankruptcy filing by the Company, please see the Company's press release dated June 8, 2001, a copy of which is filed as an exhibit to this Report on Form 8-K.

Item 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

99.1 Press release dated June 8, 2001.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PNI TECHNOLOGIES, INC.

Date: June 8, 2001

By: /s/ Kathryn L. Putnam
Kathryn L. Putnam
Senior Vice President and Chief
Financial Officer

EXHIBIT 3

Exhibit 99.1

PNI
TECHNOLOGIES, INC.

NEWS RELEASE

FOR MORE INFORMATION CONTACT:
Mark B. Jones
770/582-3500

PNI TECHNOLOGIES, INC. FILES FOR VOLUNTARY CHAPTER 11 BANKRUPTCY PROTECTION AS PART OF BUSINESS RESTRUCTURING

ATLANTA, GEORGIA, JUNE 8, 2001 – PNI Technologies, Inc. (OTCBB: PNLG) announced today that it and all of its subsidiaries have filed voluntary petitions for reorganization under Chapter 11 of the federal bankruptcy laws in the United States Bankruptcy Court for the Northern District of Georgia as part of its efforts to restructure and reorganize its business.

As previously disclosed, PNI has sought to restructure its indebtedness either in connection with a strategic transaction or on a stand-alone basis. PNI continues to discuss with a third party a potential merger transaction that, if concluded, may enable PNI to retire its debt obligations and to access additional working capital for growth. However, due to the expense associated with a bankruptcy proceeding and the need to have some resources available to fund the bankruptcy process at the time of filing, PNI has determined to proceed with a Chapter 11 filing at this time. Because Chapter 11 provides an orderly, court-supervised process for a restructuring, PNI believes this forum will better enable PNI to continue to serve its customers and maintain its business through the restructuring process.

As part of the reorganization, PNI reduced its workforce by approximately 50%. PNI has retained employees that it believes are necessary for the continued operations of its networks and related customer support activities. Mark B. Jones, who has been Vice President of Legal Affairs for PNI since 1995, has assumed the role of President and Chief Executive Officer during the reorganization period. As part of PNI's cost savings measures, Mark H. Dunaway and Kathryn Loev Putnam have stepped down as Chief Executive Officer and Chief Financial Officer, respectively. However, Mr. Dunaway will continue as Chairman of PNI's Board of Directors and Ms. Putnam will continue as a member of the Board of Directors; and in that capacity both will assist Mr. Jones with the plan of reorganization.

Mark B. Jones said, "While we are disappointed that the anticipated merger has not yet occurred, we hope that this reorganization will enable us to provide the best opportunities for PNI's stakeholders." Jones added, "We expect to file a plan of reorganization shortly and are hopeful that PNI will emerge as a stronger company."

Mark H. Dunaway said, "I have great confidence in Mark Jones and his team. We are grateful to our employees, customers and vendors who have supported us during a difficult time in the industry."

PNI has not yet filed a plan of reorganization in its Chapter 11 proceeding. There can be no assurance that the funding necessary to satisfy PNI's cash requirements through the bankruptcy process will become available or that it will be available on a timely basis, that PNI will be able to successfully reorganize in Chapter 11, or that PNI's existing common or preferred stock will have any value following the Chapter 11 reorganization.

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Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this press release, the Company's Quarterly Report on Form 10-Q, its Annual Report on Form 10-K, and other materials filed or to be filed by PNI with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by PNI) contains statements that are or will be forward-looking, such as statements relating to future sales activity or financial performance, marketing efforts and their possible results, financing and restructuring alternatives and their possible results, the possibility of any reorganization, acquisition or other strategic transaction, future capital expenditures, financing sources and availability and the effects of laws and regulations (including FCC regulations) and competition. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by or on behalf of PNI. These risks and uncertainties include, but are not limited to, uncertainties affecting the wireless industries generally; risks relating to PNI's expansion and other business development activities; risks related to the deployment and feasibility of PNI's new networking technologies and products; risks relating to technological change in the wireless industries; risks associated with PNI's efforts to commercialize and market successfully its networking products, such as the Platform1® and *i*Terminal™ products; the relatively unproven nature of PNI's networking products, which represent a new product line for PNI; challenges to PNI's technologies (such as challenges to the validity of patents on PNI's switching technology); risks relating to the ability of PNI to obtain additional funds in the form of debt or equity (including availability of financing terms acceptable to PNI); fluctuations in interest rates; and the existence of and changes to federal and state laws and regulations. In particular, statements relating to the competitive position and performance of PNI's current and future networking products and their expected performance in the marketplace are forward-looking statements that are subject to risks and uncertainties. PNI operates in a highly competitive marketplace and new product developments by competitors can occur at any time, thereby diminishing the attractiveness of PNI's products.

EXHIBIT 4

fficial Form 1) (9/97)

RALB1

United States Bankruptcy Court
Northern District of Georgia

Voluntary Petition

FILED IN OFFICE
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT
OF GEORGIA

01 JUN -8 PM 4:24

W. YVONNE EVANS
CLERK

DEPUTY CLERK

me of Debtor (if individual, enter Last, First, Middle): PNI Spectrum, LLC	Name of Joint Debtor (Spouse)(Last, First, Middle):
Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names):
Soc. Sec./Tax I.D. No. (if more than one, state all): -2272488	Soc. Sec./Tax I.D. No. (if more than one, state all):
Street Address of Debtor (No. & Street, City, State & Zip Code): 50 Center Way, Norcross, GA 30071	Street Address of Joint Debtor (No. & Street, City, State & Zip Code):
County of Residence or of the Principal Place of Business: Gwinnett	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address):	Mailing Address of Joint Debtor (if different from street address):

Location of Principal Assets of Business Debtor (if different from street address above):

01-67598

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

- Individual(s)
- Corporation
- Partnership
- Other
- ☐ Railroad
- ☐ Stockbroker
- ☐ Commodity Broker

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

- ☐ Chapter 7
- ☑ Chapter 11
- ☐ Chapter 13
- ☐ Chapter 9
- ☐ Chapter 12
- ☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

Consumer/Non-Business ☑ Business

Filing Fee (Check one box)

- ☑ Full Filing Fee Attached
- ☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Chapter 11 Small Business (Check all boxes that apply)

Debtor is a small business as defined in 11 U.S.C. § 101

Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Statistical/Administrative Information (Estimates only)

Debtor estimates that funds will be available for distribution to unsecured creditors.

Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

Estimated Number of Creditors

1-15	16-49	50-99	100-199	200-999	1000-over
☐	☐	☐	☐	☐	☑

Estimated Assets

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

Estimated Debts

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

THIS SPACE IS FOR COURT USE ONLY

JUDGE

COTTON	MURPHY
KAHN	MASSEY
DRAKE	BRIZENDINE
BIHARY	MULLINS

INTERIM TRUSTEE

1	6	11	16	21	26
2	7	12	17	22	27
3	8	13	18	23	28
4	9	14	19	24	29
5	10	15	20	25	30

97 98 99

FEE 800 13 TRUSTEE

PAID 13B

BALANCE 13T

ADMIN 30

(Official Form 1) (9/97)

FORM B1

United States Bankruptcy Court
Northern District of Georgia

Voluntary Petition

FILED IN CLERK'S OFFICE
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT
OF GEORGIA

01 JUN -8 PM 4:08

M. YVONNE EVANS
CLERK

DEPUTY CLERK

Name of Debtor (if individual, enter Last, First, Middle): PNI Technologies, Inc.	Name of Joint Debtor (Spouse)(Last, First, Middle):
All Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names):
Soc. Sec./Tax I.D. No. (if more than one, state all): 58-1954892	Soc. Sec./Tax I.D. No. (if more than one, state all):
Street Address of Debtor (No. & Street, City, State & Zip Code): 850 Center Way, Norcross, GA 30071	Street Address of Joint Debtor (No. & Street, City, State & Zip Code):
County of Residence or of the Principal Place of Business: Gwinnett	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address):	Mailing Address of Joint Debtor (if different from street address):
Location of Principal Assets of Business Debtor (if different from street address above):	**01-67595**

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

☑ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

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Type of Debtor (Check all boxes that apply)

☐ Individual(s) ☐ Railroad
☑ Corporation ☐ Stockbroker
☐ Partnership ☐ Commodity Broker
☐ Other

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

☐ Chapter 7 ☑ Chapter 11 ☐ Chapter 13
☐ Chapter 9 ☐ Chapter 12
☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

☐ Consumer/Non-Business ☑ Business

Filing Fee (Check one box)

☑ Full Filing Fee Attached
☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Chapter 11 Small Business (Check all boxes that apply)

☐ Debtor is a small business as defined in 11 U.S.C. § 101
☐ Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Statistical/Administrative Information (Estimates only)

☑ Debtor estimates that funds will be available for distribution to unsecured creditors.
☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

Estimated Number of Creditors	1-15	16-49	50-99	100-199	200-999	1000-over
	☐	☐	☐	☐	☐	☑

Estimated Assets

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

Estimated Debts

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

THIS SPACE IS FOR COURT USE ONLY

JUDGE

COTTON MURPHY
KAHN MASSEY
DRAKE BIHARY
BIHARY MULLINS

INTERIM TRUSTEE

1	6	11	16	21	26
2	7	12	17	22	27
3	8	13	18	23	28
4	9	14	19	24	29
5	10	15	20	25	30

FEE 97 800 99 13 TRUSTEE
PAID 138
BALANCE 157
ADMIN 30

fficial Form 1) (9/97)

ORM B1

United States Bankruptcy Court
Northern District of Georgia

Voluntary Petition

FILED IN CLERK'S OFFICE U.S. BANKRUPTCY COURT NORTHERN DISTRICT OF GEORGIA
01 JUN -8 PM 4:26
W. YVONNE EVANS CLERK
BY DEPUTY CLERK

ame of Debtor (if individual, enter Last, First, Middle): PNI Corp.	Name of Joint Debtor (Spouse)(Last, First, Middle):
ll Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names):
oc. Sec./Tax I.D. No. (if more than one, state all): 58-2245736	Soc. Sec./Tax I.D. No. (if more than one, state all):
treet Address of Debtor (No. & Street, City, State & Zip Code): 850 Center Way, Norcross, GA 30071	Street Address of Joint Debtor (No. & Street, City, State & Zip Code):
ounty of Residence or of the Principal Place of Business: Gwinnett	County of Residence or of the Principal Place of Business:
ailing Address of Debtor (if different from street address):	Mailing Address of Joint Debtor (if different from street address):
ocation of Principal Assets of Business Debtor (if different from street address above):	01-67596

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

☑ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

☐ Individual(s) ☐ Railroad
☑ Corporation ☐ Stockbroker
☐ Partnership ☐ Commodity Broker
☐ Other

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

☐ Chapter 7 ☑ Chapter 11 ☐ Chapter 13
☐ Chapter 9 ☐ Chapter 12
☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

☐ Consumer/Non-Business ☑ Business

Filing Fee (Check one box)

☑ Full Filing Fee Attached
☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Chapter 11 Small Business (Check all boxes that apply)

☐ Debtor is a small business as defined in 11 U.S.C. § 101
☐ Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Statistical/Administrative Information (Estimates only)

☑ Debtor estimates that funds will be available for distribution to unsecured creditors.
☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

Estimated Number of Creditors

1-15	16-49	50-99	100-199	200-999	1000-over
☐	☐	☐	☐	☐	☑

Estimated Assets

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

Estimated Debts

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☑	☐

THIS SPACE IS FOR COURT USE ONLY

JUDGE
COTTON MURPHY
JOHN MASSEY
DRAKE BRIZENDINE
BONAPARTE MULLINS

INTERIM TRUSTEE

1	6	11	16	21	26
2	7	12	17	22	27
3	8	13	18	23	28
4	9	14	19	24	29
5	10	15	20	25	30

97 98 99
FEE 800 13 TRUSTEE
PAID 138
BALANCE 137
ADMIN 30

(Official Form 1) (8/97)

FORM B1

United States Bankruptcy Court – Northern District of Georgia

Voluntary Petition

FILED U.S. BANKRUPTCY COURT NORTHERN DISTRICT OF GEORGIA
01 JUN -8 PM 1:25
YVONNE EVANS, CLERK
DEPUTY CLERK

Name of Debtor (if individual, enter Last, First, Middle): PNI Systems, LLC	Name of Joint Debtor (Spouse)(Last, First, Middle):
All Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names):
Soc. Sec./Tax I.D. No. (if more than one, state all): 58-2253719	Soc. Sec./Tax I.D. No. (if more than one, state all):
Street Address of Debtor (No. & Street, City, State & Zip Code): 850 Center Way, Norcross, GA 30071	Street Address of Joint Debtor (No. & Street, City, State & Zip Code):
County of Residence or of the Principal Place of Business: Gwinnett	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address):	Mailing Address of Joint Debtor (if different from street address):
Location of Principal Assets of Business Debtor (if different from street address above):	**01-67597**

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

- ☑ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.
- ☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

- ☐ Individual(s)
- ☑ Corporation
- ☐ Partnership
- ☐ Other ______
- ☐ Railroad
- ☐ Stockbroker
- ☐ Commodity Broker

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

- ☐ Chapter 7
- ☑ Chapter 11
- ☐ Chapter 13
- ☐ Chapter 9
- ☐ Chapter 12
- ☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

- ☐ Consumer/Non-Business
- ☑ Business

Filing Fee (Check one box)

- ☑ Full Filing Fee Attached
- ☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Chapter 11 Small Business (Check all boxes that apply)

- ☐ Debtor is a small business as defined in 11 U.S.C. § 101
- ☐ Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Statistical/Administrative Information (Estimates only)

- ☑ Debtor estimates that funds will be available for distribution to unsecured creditors.
- ☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

Estimated Number of Creditors

1-15	16-49	50-99	100-199	200-999	1000-over
☐	☐	☐	☐	☐	☑

Estimated Assets

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

Estimated Debts

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

THIS SPACE IS FOR COURT USE ONLY

JUDGE

COTTON MURPHY
BAKE MASSEY
DRAKE BRIZENDINE
KEARY MULLINS

INTERIM TRUSTEE

6	11	16	21	26
7	12	17	22	27
8	13	18	23	28
9	14	19	24	29
10	15	20	25	30

97 96 99

FEE 800 13 TRUSTEE 13B 13T

PAID —

BALANCE

ADMIN 30

(Official Form 1) (9/97)

FORM B1

United States Bankruptcy Court
Northern District of Georgia

Voluntary Petition

FILED IN CLERK'S OFFICE U.S. BANKRUPTCY COURT NORTHERN DISTRICT OF GEORGIA

01 JUN -8 PM 4:23

Name of Debtor (if individual, enter Last, First, Middle): PNI Georgia, Inc.	Name of Joint Debtor (Spouse)(Last, First, Middle):
All Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names):
Soc. Sec./Tax I.D. No. (if more than one, state all): 58-2273090	Soc. Sec./Tax I.D. No. (if more than one, state all):
Street Address of Debtor (No. & Street, City, State & Zip Code): 850 Center Way Norcross, GA 30071	Street Address of Joint Debtor (No. & Street, City, State & Zip Code):
County of Residence or of the Principal Place of Business: Gwinnett	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address):	Mailing Address of Joint Debtor (if different from street address):
Location of Principal Assets of Business Debtor (if different from street address above):	01-67599

EVANS CLERK BY DEPUTY CLERK

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

☑ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

☐ Individual(s) ☐ Railroad
☑ Corporation ☐ Stockbroker
☐ Partnership ☐ Commodity Broker
☐ Other

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

☐ Chapter 7 ☑ Chapter 11 ☐ Chapter 13
☐ Chapter 9 ☐ Chapter 12
☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

☐ Consumer/Non-Business ☑ Business

Filing Fee (Check one box)

☑ Full Filing Fee Attached
☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Chapter 11 Small Business (Check all boxes that apply)

☐ Debtor is a small business as defined in 11 U.S.C. § 101
☐ Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Statistical/Administrative Information (Estimates only)

☑ Debtor estimates that funds will be available for distribution to unsecured creditors.
☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

Estimated Number of Creditors

1-15	16-49	50-99	100-199	200-999	1000-over
☐	☐	☐	☐	☐	☑

Estimated Assets

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

Estimated Debts

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

THIS SPACE IS FOR COURT USE ONLY

JUDGE
COTTON MURPHY
BRIZENDINE
DRAKE
MASSEY
BIHARY
ENTERED
INTERIM TRUSTEE

6	11	16	21	26
7	12	17	22	27
8	13	18	23	28
9	14	19	24	29
10	15	20	25	30

97 98 99
FEE 800 13 TRUSTEE 13R 13T
PAID
BALANCE
ADMIN 30

(Official Form 1) (9/97)

FORM B1

United States Bankruptcy Court
Northern District of Georgia

Voluntary Petition

FILED IN CLERK'S OFFICE U.S. BANKRUPTCY COURT NORTHERN DISTRICT OF GEORGIA

01 JUN -8 PM 4:22

W. YVONNE EVANS CLERK

Name of Debtor (if individual, enter Last, First, Middle): Mercury Paging & Communications, Inc.	Name of Joint Debtor (Spouse)(Last, First, Middle):
All Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names):
Soc. Sec./Tax I.D. No. (if more than one, state all): 11-3260404	Soc. Sec./Tax I.D. No. (if more than one, state all):
Street Address of Debtor (No. & Street, City, State & Zip Code): 850 Center Way, Norcross, GA 30071	Street Address of Joint Debtor (No. & Street, City, State & Zip Code):
County of Residence or of the Principal Place of Business: Gwinnett	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address):	Mailing Address of Joint Debtor (if different from street address):

Location of Principal Assets of Business Debtor (if different from street address above): 575 Underhill Blvd. Suite 222 Syosset, NY 11791

01-67600

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

- ☑ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.
- ☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

- ☐ Individual(s)
- ☑ Corporation
- ☐ Partnership
- ☐ Other ____
- ☐ Railroad
- ☐ Stockbroker
- ☐ Commodity Broker

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

- ☐ Chapter 7
- ☑ Chapter 11
- ☐ Chapter 13
- ☐ Chapter 9
- ☐ Chapter 12
- ☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

- ☐ Consumer/Non-Business
- ☑ Business

Filing Fee (Check one box)

- ☑ Full Filing Fee Attached
- ☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Chapter 11 Small Business (Check all boxes that apply)

- ☐ Debtor is a small business as defined in 11 U.S.C. § 101
- ☐ Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Statistical/Administrative Information (Estimates only)

- ☑ Debtor estimates that funds will be available for distribution to unsecured creditors.
- ☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

Estimated Number of Creditors	1-15	16-49	50-99	100-199	200-999	1000-over
	☐	☐	☐	☐	☐	☑

Estimated Assets

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

Estimated Debts

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

THIS SPACE IS FOR COURT USE ONLY

JUDGE

COTTON, KAHN, DRAKE, BRIZENDINE, MURPHY, MASSEY, BONAPFEL, MULLINS

INTERIM TRUSTEE

1	6	11	16	21	26
2	7	12	17	22	27
3	8	13	18	23	28
4	9	14	19	24	29
5	10	15	20	25	30

97 98 99

FEE 800 IS TRUSTEE

PAID

BALANCE

ADMIN. 30

(Official Form 1) (9/97)

FORM B1

United States Bankruptcy Court
Northern District of Georgia

Voluntary Petition

FILED IN CLERK'S OFFICE U.S. BANKRUPTCY COURT NORTHERN DISTRICT OF GEORGIA

01 JUN -8 PM 4:20

Name of Debtor (if individual, enter Last, First, Middle): Custom Page, Inc.	Name of Joint Debtor (Spouse)(Last, First, Middle):
All Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names):
Soc. Sec./Tax I.D. No. (if more than one, state all): 11-3266109	Soc. Sec./Tax I.D. No. (if more than one, state all):
Street Address of Debtor (No. & Street, City, State & Zip Code): 850 Center Way, Norcross, GA 30071	Street Address of Joint Debtor (No. & Street, City, State & Zip Code):
County of Residence or of the Principal Place of Business: Gwinnett	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address):	Mailing Address of Joint Debtor (if different from street address):
Location of Principal Assets of Business Debtor (if different from street address above):	01-67601

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

☑ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

☐ Individual(s) ☐ Railroad
☑ Corporation ☐ Stockbroker
☐ Partnership ☐ Commodity Broker
☐ Other ____________

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

☐ Chapter 7 ☑ Chapter 11 ☐ Chapter 13
☐ Chapter 9 ☐ Chapter 12
☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

☐ Consumer/Non-Business ☑ Business

Filing Fee (Check one box)

☑ Full Filing Fee Attached
☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Chapter 11 Small Business (Check all boxes that apply)

☐ Debtor is a small business as defined in 11 U.S.C. § 101
☐ Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Statistical/Administrative Information (Estimates only)

☑ Debtor estimates that funds will be available for distribution to unsecured creditors.
☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

Estimated Number of Creditors

1-15	16-49	50-99	100-199	200-999	1000-over
☐	☐	☐	☐	☐	☑

Estimated Assets

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

Estimated Debts

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

THIS SPACE IS FOR COURT USE ONLY

JUDGE

COTTON MURPHY
CARN MASSEY
BRIZENDINE
DRAKE MULLINS

INTERIM TRUSTEE

1	6	11	16	21	26
2	7	12	17	22	27
3	8	13	18	23	28
4	9	14	19	24	29
5	10	15	20	25	30

97 98 99

FEE 800 13 TRUSTEE

PAID

BALANCE 13B

ADMIN 13T

30

(Official Form 1) (9/97)

FORM B1

United States Bankruptcy Court
Northern District of Georgia

Voluntary Petition

FILED IN CLERK'S OFFICE U.S. BANKRUPTCY COURT NORTHERN DISTRICT OF GEORGIA

01 JUN -8 PM 4:19

... EVANS CLERK BY ... DEPUTY CLERK

Name of Debtor (if individual, enter Last, First, Middle): HTB Communications, Inc.	Name of Joint Debtor (Spouse)(Last, First, Middle):
All Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names):
Soc. Sec./Tax I.D. No. (if more than one, state all): 11-3193506	Soc. Sec./Tax I.D. No. (if more than one, state all):
Street Address of Debtor (No. & Street, City, State & Zip Code): 850 Center Way, Norcross, GA 30071	Street Address of Joint Debtor (No. & Street, City, State & Zip Code):
County of Residence or of the Principal Place of Business: Gwinnett	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address):	Mailing Address of Joint Debtor (if different from street address):
Location of Principal Assets of Business Debtor (if different from street address above):	01-67602

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

☑ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

☐ Individual(s) ☐ Railroad
☑ Corporation ☐ Stockbroker
☐ Partnership ☐ Commodity Broker
☐ Other ____________

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

☐ Chapter 7 ☑ Chapter 11 ☐ Chapter 13
☐ Chapter 9 ☐ Chapter 12
☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

☐ Consumer/Non-Business ☑ Business

Filing Fee (Check one box)

☑ Full Filing Fee Attached
☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Chapter 11 Small Business (Check all boxes that apply)

☐ Debtor is a small business as defined in 11 U.S.C. § 101
☐ Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Statistical/Administrative Information (Estimates only)

☑ Debtor estimates that funds will be available for distribution to unsecured creditors.
☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

Estimated Number of Creditors

1-15	16-49	50-99	100-199	200-999	1000-over
☐	☐	☐	☐	☐	☑

Estimated Assets

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

Estimated Debts

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☐	☐

THIS SPACE IS FOR COURT USE ONLY

JUDGE
COTTON MURPHY
BASIN MASSEY
DRAKE
BRARY
MULLINS

INTERIM TRUSTEE

1	6	11	16	21	26
2	7	12	17	22	27
3	8	13	18	23	28
4	9	14	19	24	29
5	10	15	20	25	30

97 98 99

FEE 800 13 TRUSTEE

PAID

BALANCE 13B

ADMIN 30 13T

(Official Form 1) (9/97)

FORM B1

United States Bankruptcy Court
Northern District of Georgia

Voluntary Petition

FILED IN CLERK'S OFFICE U.S. BANKRUPTCY COURT NORTHERN DISTRICT OF GEORGIA

01 JUN -8 PM 4:18

DEPUTY CLERK

Name of Debtor (if individual, enter Last, First, Middle): M.P.C. Distributors, Inc.	Name of Joint Debtor (Spouse)(Last, First, Middle):
All Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names):
Soc. Sec./Tax I.D. No. (if more than one, state all): 11-3274243	Soc. Sec./Tax I.D. No. (if more than one, state all):
Street Address of Debtor (No. & Street, City, State & Zip Code): 850 Center Way Norcross, GA 30071	Street Address of Joint Debtor (No. & Street, City, State & Zip Code):
County of Residence or of the Principal Place of Business: Gwinnett	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address):	Mailing Address of Joint Debtor (if different from street address):

Location of Principal Assets of Business Debtor (if different from street address above): 575 Underhill Blvd. Suite 222 Syosset, NY 11791

01-67603

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

☑ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Type of Debtor (Check all boxes that apply)

☐ Individual(s) ☐ Railroad
☑ Corporation ☐ Stockbroker
☐ Partnership ☐ Commodity Broker
☐ Other ________

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)

☐ Chapter 7 ☑ Chapter 11 ☐ Chapter 13
☐ Chapter 9 ☐ Chapter 12
☐ Sec. 304 - Case ancillary to foreign proceeding

Nature of Debts (Check one box)

☐ Consumer/Non-Business ☑ Business

Filing Fee (Check one box)

☑ Full Filing Fee Attached
☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

Chapter 11 Small Business (Check all boxes that apply)

☐ Debtor is a small business as defined in 11 U.S.C. § 101
☐ Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)

Statistical/Administrative Information (Estimates only)

☑ Debtor estimates that funds will be available for distribution to unsecured creditors.
☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

Estimated Number of Creditors

1-15	16-49	50-99	100-199	200-999	1000-over
☐	☐	☐	☐	☐	☑

Estimated Assets

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☑	☐

Estimated Debts

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☐	☐	☑	☐

THIS SPACE IS FOR COURT USE ONLY

JUDGE

COTTON MURPHY
KAHN MASSEY
DRAKE BRIZENDINE
BRADY MULLINS

INTERIM TRUSTEE

1	6	11	16	21	26
2	7	12	17	22	27
3	8	13	18	23	28
4	9	14	19	24	29
5	10	15	20	25	30

97 98 99
FEE 800 13 TRUSTEES
PAID 138
BALANCE 137
ADMIN 30

EXHIBIT 5

DECLARATION OF MARK B. JONES

Mark B. Jones, under penalty of perjury, deposes and states as follows:

1. My name is Mark B. Jones. I am CEO of PNI Technologies, Inc., parent company of PNI Spectrum, LLC ("PNI"), licensee of certain CMRS facilities licensed by the FCC. I am making this declaration to support PNI's request for waiver of regulatory fees.

2. On June 8, 2001, PNI, its parent company, and its affiliate companies, filed for protection under Chapter 11 of the Bankruptcy code. As part of its reorganization, PNI has reduced its workforce by 50 percent and instituted other cost saving measures to limit reduction in public service. Despite these efforts, PNI has nevertheless had to suspend or eliminate service in a number of markets to conserve cash.

3. Payment of PNI's regulatory fee will further reduce the licensee's available cash to support operations, will result in further limitations and reductions of service to the public and will cause further financial hardship to the licensee.

4. The above information and the statements contained in the request for waiver to which this is attached are true and correct to the best of my knowledge and belief.

Mark B. Jones

September 25, 2001

EXHIBIT 6

PNI TECHNOLOGIES INC

Form: **10-K405** Filing Date: 4/16/2001 Filing Index

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM_____ TO_____

COMMISSION FILE NUMBER 0-27658

PNI TECHNOLOGIES, INC.

(FORMERLY Preferred Networks, Inc.)

(Exact name of Registrant as specified in its charter)

Georgia (State or other jurisdiction of Incorporation or organization)	58-1954892 (I.R.S. Employer Identification Number)

850 Center Way, Norcross, Georgia 30071

(Address of principal executive offices, including zip code)

(770) 582-3500

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act: NONE

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, no par value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the Registrant based upon the closing sales price of the Registrant's Common Stock on the Over The Counter Bulletin Board on March 30, 2001 was approximately $1.8 million. As of March 30, 2001, 16,520,417 shares of the Registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Specifically identified portions of the Proxy Statement for the 2001 Annual Meeting of Stockholders are incorporated by reference in Part III.

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PART I

ITEM 1. BUSINESS

GENERAL

PNI Technologies, Inc. ("PNI" or the "Company") was founded in 1991 to provide unbranded, wholesale one-way wireless messaging network services to companies for resale to their customers. In pursuing this strategy, the Company developed a number of advanced networking technologies aimed at increasing its efficiency as a network operator. During 1999, the Company completed development of its intelligent, high-speed switching technology and began to commercialize related products for sale to other companies. This technology creates networking solutions that provide companies with greater processing efficiencies, cost savings, and an open platform to bring them closer to their customers through unified service offerings. During 2000, the Company began to ship its first software enhanced networking products and is developing a number of additional hardware, software and service offerings to address each of the wireless, fixed network and Internet marketplaces. With the introduction of its networking products, the Company intends to augment its one-way wireless network services and evolve into a developer and supplier of advanced communications hardware and software products.

The Company is at an early stage in the development of its networking products business. Substantially all of the Company's revenues are currently derived from its network services business.

In August 2000, the Company changed its name from Preferred Networks, Inc. to PNI Technologies, Inc.

INDUSTRY BACKGROUND

The wireless industry has experienced both spectacular advances in communications technologies and significant increases in competition for subscribers. With new, feature-rich devices offering consumers a wide variety of choices, service providers are under increasing pressure to deliver more functionality at reduced cost. This has led to high turn-over ("churn") among subscribers and a decline in average revenues per subscriber for many services, including the services offered by the Company. Specifically, one-way wireless messaging has experienced a decline in new service unit additions and declining average revenue per unit ("ARPU"). Substantially all of the Company's revenues are derived from one-way wireless messaging.

The Company believes that continued stimulation of growth in the wireless industry in general will occur as wireless networks become more data capable and as applications become integrated. The most dramatic growth is expected to occur through the convergence of fixed networks, wireless networks and the Internet, enabling information available via the Internet to meet the needs of users in the fast growing mobile environment. Historically, however, these factors have not existed in the wireless marketplace. The U.S., in particular, lacks uniform standards, and accordingly, wireless network infrastructure is application or service specific. This has encumbered companies seeking to sell value-added services that require connectivity between wireless applications and the Internet. The Company believes the next explosion of wireless services will occur when networks are leveraged for integrated applications and when users can access all of their communications services through whatever device they happen to be using, regardless of whether it is wireless or wired.

The Company believes that its advanced networking technologies have the potential to appeal to a wide spectrum of industry participants seeking to achieve cost savings and to market unified service offerings. The Company believes its networking technologies provide solutions by leveraging the existing public service telephone network ("PSTN") to enable open access to multiple services (wired or wireless) regardless of the protocol used within networks or end-user devices. Through development of software enhanced products, the Company believes its technologies can deliver broad market solutions that unify discrete wireless services and integrate these services with the Internet, in a manner that is transparent to the end user.

BUSINESS

The Company was founded in 1991 as a wireless network carrier to provide unbranded, wholesale one-way messaging network services to companies for resale to their customers.

NETWORK SERVICES

The Company's one-way wireless networks enable its customers to offer competitive, branded messaging services to their subscribers, while incurring costs on an as-needed basis. The Company currently owns and operates networks in four regions of the United States, including the Southeast, Mid-Atlantic, Northeast and Midwest. As of December 31, 2000, the Company provided network services to approximately 1,500 companies, which collectively had 409,979 units in service on the Company's networks.

NETWORKING PRODUCTS

The Company's networking technologies increase processing efficiencies and create open environments to enable businesses to reduce operating costs and seamlessly expand and unify service offerings. The Company completed commercial development of the first software-enhanced products utilizing these technologies at the end of 1999. The Company is in the early stages of marketing and development of software enhanced networking products, and related revenues for 2000 were insignificant. As of the date of this filing, the Company has developed the following initial products:

Switching

Switching is an important component of networking technology, providing control and routing of telephony that is used for communications services. The Company's first commercial switch product is the Platform1(R) modular switch. Platform1(R) incorporates the Company's patented call algorithm, which permits the routing of individual telephone numbers to multiple servers and terminals at extremely high speeds and on an as needed basis (a "server" or "terminal" is where the service application, customer database and billing data resides, and for purposes of this document, the terms "server" and "terminal" are sometimes used interchangeably.) Platform1(R) allows individual numbers and circuits to be dynamically shared between servers, enabling circuit capacity to be allocated among service offerings, rather than being dedicated to discrete offerings as in traditional network architectures. This allows companies to gain better utilization of existing capacity and reduce costly dedicated PSTN circuits.

Platform1(R) Products

- Base Unit. Platform1(R) can "front-end" legacy equipment, thereby interconnecting existing hardware to reduce circuit requirements and integrate offerings without needing to replace or duplicate existing network equipment. The Platform1(R) chassis is rack-mounted, enabling it to be integrated within existing switching centers with minimal additional space and power requirements. Further, this hardware design allows companies to cost effectively distribute Platform1(R) in local points of presence "POPs", reducing the distance a service provider must transport its traffic over costly leased line circuits. The Company began shipments of the Platform1(R) base unit in the first half of 2000.

- Unified Messaging. The Company's product strategy is to take existing end-user service applications (such as messaging and Internet access) and incorporate the related software into server card modules that fit into slots in the Platform1(R)chassis. This is expected to allow companies to add current and future service applications without the need for traditional bulky and expensive, dedicated server equipment. Platform1(R)is designed to allow its service modules to be "hot swappable", enabling upgrades and expansion in a live environment. In order to leverage its existing network service customer base, the Company's initial modules are for one-way data and voice messaging and email notification. Additional planned modules in development include, but may not be limited to, Internet service; voice over IP (Internet Protocol) applications; and bundling of value-added services with local telephone access. Future modules may include two-way messaging applications, conversational wireless applications (such as personal communications services or "PCS"), and private networking solutions (such as Intranets.) The schedule of introduction of new service modules to the marketplace will depend, among other things, on the timing and availability of capital and personnel resources.

Features of Platform1(R)

- IP Data Transport of Wireless Applications. By distributing both switching and server functions into local POPs, the subscriber service processing can occur locally at the telephone access point. Messaging data can then be transported back to a company's central location via the Internet. This effectively allows a company to eliminate its traditional wide area network of leased line circuits.

- Intelligent Switching. The patented call algorithm utilizes state-of-the-art digital signal processors (DSPs) that "remember" the assigned port for each number, which increases the speed of processing each time the call comes through.

- Number Translation. The patented call routing function provides real-time "10-by-10" and "10-by-7" number translation, meaning any 10 numbers coming in can be replaced by any ten or seven numbers going out. This allows companies to control the relocation of individual telephone numbers rather than being dependent upon the local exchange carrier for reallocation. The Company also believes this capability will enable operators to efficiently migrate toward subscriber number portability, as this becomes a required consumer option.

iTerminal(TM) Products

- The iTerminal(TM) incorporates certain features of the Platform1(R) into a standard desktop computer chassis. The iTerminal(TM) is the Company's first such product that bundles a suite of server applications into a desktop unit. This product is targeted toward the Company's network services customer base and incorporates paging, voice mail and email notification into a user friendly, PC-based product. A company can locate an iTerminal(TM) in most standard business offices and transport subscriber traffic to a network carrier, such as the Company, via the Internet. The Company began shipments of iTerminal(TM) products to customers in the first half of 2000.

iLink Products

- The iLink router utilizes the Internet for networking of wireless messaging traffic (TNPP) between multiple locations. The iLink assigns virtual ports to remote addresses, thereby reducing the cost to many network carriers of processing traffic at central hub points. Because the iLink connects to the Internet, it reduces the need for serial port connections, resulting in a smaller, less expensive hardware design than many traditional routers. The Company began shipments of iLink products to customers in the first half of 2000.

Internet TNPP Modem

- The Internet TNPP Modem is a 2 port router that sends and/or receives TNPP traffic over the Internet to or from one destination only. This allows TNPP traffic to be sent and received over the Internet rather than through a costly leased line connection. The Company began shipments of Internet TNPP Modems in the first half of 2000.

CUSTOMERS

Network Services

The Company markets its one-way wireless messaging network services to carriers, resellers and agents. The Company does not market paging services directly to end-users and therefore does not compete with its customers for subscribers. The Company offers unique "Direct Access" options to its customers that enable carriers and resellers to directly connect their own terminal switching equipment with the Company's networks in order to purchase network services from the Company on an as-needed basis.

The Company groups its network customers into two principal categories:

- Traditional, or non-facilities-based, "resellers" that purchase both airtime and switching services from the Company on a fixed monthly per unit basis.

- "Direct Access" customers that utilize their own switching equipment and purchase only airtime from the Company on a fixed monthly per unit basis.

The Company believes its Direct Access program is unique, because most carriers have branding conflicts with their resellers and do not encourage them to become switch-based. Direct Access customers benefit because they control their own telephone numbers, allowing them to sell value-added services and to bundle offerings. Historically, however, becoming a Direct Access customer was cost prohibitive for many resellers, due to the initial capital investment in sophisticated equipment and the ongoing monthly expense of dedicated lease line circuits to transport data from the customer's POP to the Company's networks. The Company's iTerminal(TM) product reduces market entry costs by unifying paging, voicemail and email notification in a single desktop unit and by utilizing the Internet to transport traffic to the Company's networks. During 2000, the Company began to market iTerminal(TM)s to resellers and carriers and believes this product has the potential to expand the Company's Direct Access customer base.

Networking Products

The potential market for the Company's networking products includes any type of company that utilizes telephony to transmit data (wired or wireless) when speed, flexibility and cost reduction are key requirements. The Company's initial products are targeted toward companies similar to those that purchase network services from the Company, including companies that sell, among other things, one-way wireless messaging services. The Company has a number of additional applications under development that it believes may bring similar benefits to Internet service providers ("ISPs"), competitive local exchange carriers ("CLECs"), two-way wireless data and voice carriers, and private networking companies. The Company believes its networking products may be attractive to these additional customer segments because these companies can achieve cost reductions and efficiently expand their service offerings and POPs. Development and introduction of new service modules to the marketplace will depend, among other things, on the timing and availability of capital and personnel resources.

SALES AND MARKETING

Because the Company does not market its products and services directly to end users, it provides selling, marketing and customer service to businesses, rather than directly to its customers' many subscribers. Therefore the Company has relatively fewer sales, marketing and customer service personnel than a direct marketing company. The Company markets its network services through field sales personnel located in certain of its local markets and through telemarketing activities. The Company's initial sales efforts related to its networking products are being conducted primarily by its network sales organization and are targeted toward the Company's existing customer base as well as similar companies with which the Company had not historically conducted business.

OPERATIONS

NETWORK DESIGN AND OPERATIONS

The Company employs an efficient network architecture utilizing regional Technical Control Centers ("TCCs") that centrally control its networks in multiple local markets within a wide geographic region. As of December 31, 2000, the Company had five TCCs in operation. Each TCC is a switching center, housing paging terminals, satellite facilities, network monitoring systems, local and long distance telephone lines, and emergency power backup. Each TCC is connected to remote POPs, located in other cities, which house local telephone lines, power back-ups and alarm systems. Each POP is connected to a TCC via a dedicated leased line ("T-1") circuit that transports local paging traffic from the POP city to the TCC for central processing. The T-1 lines enable TCCs to process telephone numbers that are local to the POP city. In 1997, the Company installed its first prototype network switching technology in its Midwest region, which allowed the Company to increase its processing speed and gain cost savings. The Company has planned to deploy its networking products throughout its own network markets in order to reduce monthly circuit cost and enable the expansion of services; however, the timing of an internal deployment will depend, among other things, on the timing and availability of capital. Further, there can be no assurance that the deployment of these networking technologies will result in significant reductions in the operating expenses of the Company's networks.

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NETWORKING PRODUCTS

The Company outsources all manufacturing and component assembly for its networking products to a variety of third party manufacturers. Components and parts used in the Company's networking products are standard and include, among other things, digital signal processors, single board computers, and programmable logic devices. Functions performed in-house by the Company occur in the Company's Atlanta, Georgia headquarters TCC and include design, the installation of software, and quality control and quality assurance testing. The Company's present facilities combined with its relationships with third-party manufacturers are believed to be adequate for its current needs.

PRODUCT DEVELOPMENT

The Company is engaged in ongoing product development efforts to remain at the forefront of advanced networking technology. The Company recognizes that there are many companies with more substantial resources than the Company that are engaged in similar product development activities in order to provide networking solutions. The Company believes that its extensive expertise as a network operator has allowed it to anticipate market needs and be first to market with the solutions embodied in its initial products. The Company is committed to continuing to enhance its existing technologies and to developing additional applications to expand its customer marketplace. However, the early stage of development of the Company's networking products business and its dependence on limited personnel have resulted in delays in development of product enhancements and future applications. The Company believes its ability to continue to introduce new products will depend, among other things, on the timing and availability of capital.

The majority of the Company's product development staff consists of engineers or computer science professionals. The costs associated with the Company's product development efforts are included in cost of goods in the Company's financial statements and are recognized as products are delivered to customers.

DEPENDENCE ON NEW PRODUCT DEVELOPMENT

The markets for the Company's networking products are characterized by rapidly changing technology, evolving industry standards, frequent new product introductions and evolving methods of building and operating communications systems. The Company's operating results will depend to a significant extent on its ability to continue to introduce and market new systems, products, and software successfully on a timely basis and to reduce costs of existing systems, products, software and services. The success of these and other new offerings is dependent on several factors, including cost, timely completion and introduction, identification of customer needs, differentiation from offerings of the Company's competitors and market acceptance. In addition, new technological innovations generally require a substantial investment before any assurance is available as to their commercial viability, including, in certain cases, certification by non-U.S. and U.S. standard-setting bodies.

The Company was issued a U.S. patent for the "Intelligent, High Speed Switching Matrix" on September 14, 1999 which will provide certain protection for the routing algorithm utilized in the Company's Platform1(R) and iTerminal(TM) networking products. This patented technology may be utilized in additional networking products. The issue date for this patent was September 14, 1999 and the invention will be protected for a period of twenty (20) years from the date that the earliest application was filed, or through August 26, 2017. The Company has additional patents pending for the routing algorithm in Australia, Brazil, Canada, China, Japan, Mexico, New Zealand and western Europe. The Company intends to pursue the patentability of other technologies relating to its development of networking products and applications.

COMPETITION

The wireless industry is highly competitive and has few barriers to entry. In the case of network services, companies generally compete on the basis of price, quality, coverage area, speed of transmission, system reliability and service. Increased competition has forced wireless carriers and resellers to lower their prices, with monthly average revenue per unit ("ARPU") for one-way paging services declining, while at the same time, competition has caused high subscriber turnover and an industry-wide decline in net services unit additions. The Company believes that ARPU will remain low while competition will continue to increase, requiring distribution channels to focus on cost reduction and increased marketing of value-added products and services in order to achieve increased cash flow per subscriber. Several companies offer national messaging services to their

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subscribers. By contrast, the Company markets network services primarily on a local or regional level in the Eastern United States. In addition, the United States Congress and the Federal Communications Commission (the "FCC") have authorized the use of newly allocated spectrum for mobile and portable radio communications services, including specifically for narrowband PCS. Some of the primary uses envisioned by narrowband PCS licensees are advanced voice messaging and two-way acknowledgment paging. It is expected that companies offering narrowband advanced messaging will compete with one-way messaging companies.

The Company's competitors in the networking products industry range from large telecommunications equipment companies to small companies focused on certain niche markets. Many of these competitors have significantly greater resources than the Company, and there can be no assurances that the Company will be able to compete successfully in the networking products marketplace. In addition, certain telecommunications equipment manufacturers with significantly greater resources than the Company could attempt to enter the markets served by the Company's initial products and compete with the Company for its current markets.

REGULATION

The Company's paging operations are subject to regulation by the FCC under the Communications Act of 1934, as amended (the "Communications Act"). The FCC permits the provision of paging services on a significant number of frequencies under its regulatory authority. The majority of these frequencies are allocated in low band (30-44 MHz), high band (150-170 MHz), UHF (450-470 MHz) or 900 MHz. Some of the frequencies are available for one-way paging only, while paging is permitted on an ancillary basis to the primary service on other channels. There also are differences in the paging transmitter power levels permitted on different frequencies, which affect the range and penetration capability of a paging system.

I. LICENSING

Historically, the FCC distinguished between Radio Common Carrier ("RCC") paging, which was authorized under Part 22 of the FCC rules, and private paging systems, including Private Carrier Paging ("PCP") systems, which were authorized under Part 90 of the FCC rules. RCC systems were considered common carriers under the Communications Act, and were subject to statutory and FCC common carrier obligations, but were granted exclusive use of their authorized frequencies within a defined geographic area. By contrast, private paging systems, including PCPs, were not regulated as common carriers under the Communications Act and were assigned paging frequencies on a shared, non-exclusive basis. Under the PCP regulatory approach several unrelated licensees might be required to share the use of a frequency in a given geographic area. Efficient shared channel use typically is accomplished by sharing airtime using a single paging terminal, by physically linking the co-channel systems, or by sharing airtime on a party-line basis. Traditionally, under this type of shared frequency usage, FCC licenses were obtained relatively easily for minimal frequency coordination and FCC filing fees.

The Company has over 200 FCC licenses to build and operate high power PCP paging systems. The Company operates 157.74 MHz paging networks in 27 markets in the Northeast, Mid-Atlantic, Southeast, North Central, and Midwest regions; a 462.825 MHz network in the Atlanta metropolitan area; and a 462.75MHz network in the Augusta, Georgia metropolitan area. Finally, the Company has 14 FCC licenses to operate the following exclusive RCC paging systems: 1) a 158.10MHz network in and around Jacksonville, Florida; 2) a 152.60MHz network in the New York metropolitan area; 3) a 152.84MHz network in the Atlanta metropolitan area; 4) a 931.2625MHz network in the Orlando, Florida metropolitan area; and 5) a 931.3125MHz network in the New York metropolitan area. The FCC licenses set forth the technical parameters, such as signal strength and tower height, under which the Company is authorized to use those frequencies. The Company's FCC licenses are issued to its wholly owned subsidiary, PNI Spectrum, LLC. Each license is issued for a 10-year period, after which it must be renewed with the FCC. Current licenses expire at varying dates between 2001 and 2011.

In August 1993, Congress amended the Communications Act and redefined the regulatory classifications for all land mobile services as either Commercial Mobile Radio Services ("CMRS"), considered common carrier offerings, or Private Mobile Radio Services ("PMRS"). The FCC subsequently classified both RCC and PCP services as CMRS. All of the Company's RCC and PCP paging systems currently are regulated as CMRS.

As a CMRS provider, the Company is subject to certain regulations as a common carrier under the Communications Act, including the duty to offer service on a non-discriminatory basis at just and reasonable rates. The Company files the required CMRS Licensee Qualification Report and Employment Report with the Commission annually and pays the annually assessed CMRS and Satellite regulatory fees. The Company is also subject to the complaint process for violations of the Communications Act or FCC rules. In addition, the Company must obtain FCC approval prior to consummating any assignments of license or authorizations or any transfer of control of the Company.

In the 1993 legislation, the Commission was given statutory authority to award licenses by competitive bidding, or auction procedures, when there are mutually exclusive applications from entities proposing to provide a commercial service to subscribers. PCPs and RCCs fall within the definition of applications subject to the FCC's auction authority. In conjunction with its enactment of a CMRS/PMRS regulatory framework, Congress directed the FCC to review and revise its regulations to develop comparable regulatory schemes for CMRS services determined to be substantially similar to one another. In the proceeding in which the FCC addressed this statutory directive, the FCC determined that RCC and PCP services were substantially similar to one another and to other CMRS services to the extent that they are offered on exclusive frequencies. The FCC commenced a proceeding to align more closely the regulatory frameworks for RCC (Part 22) services and PCP (Part 90) services.

On February 9, 1996, the FCC released the Notice of Proposed Rulemaking ("NPRM"), which addressed potential changes in the FCC's regulation and licensing of the paging industry. Among other things, the FCC considered converting some or all of the non-exclusive PCP frequencies, including the 157.740 MHz frequency, to exclusive use frequencies, in which event the Company could be required to engage in competitive bidding to obtain additional paging licenses. The NPRM also proposed several changes to the current system of licensing in the paging industry, including potential geographic licensing and competitive bidding for mutually exclusive applications.

During the pendency of this paging rulemaking proceeding, the FCC initially suspended acceptance of all new applications for paging licenses except applications for minor modifications of existing RCC and 929 PCP channels (the "Application Freeze"). Under this initial order, as of February 8, 1996, the FCC would not accept new applications for non-exclusive PCP channels.

On April 22, 1996, the FCC adopted an order (the "Interim Licensing Procedure") in which it eased the Application Freeze on the acceptance of applications for licenses for paging channels, including the shared channel primarily utilized by the Company (157.740 MHz). Under the Interim Licensing Procedure, the FCC allowed applications to be filed for new sites on these channels if the applicant certified that the proposed site is within 40 miles of an operating transmission site which was licensed to the same applicant on the same channel prior to February 8, 1996. On June 11, 1996, by its own motion, the Commission modified the Interim Licensing Procedure to allow incumbent licensees also to add sites within 40 miles of an operating transmission site for which an application from the same applicant on the same channel was pending at the FCC on or before September 30, 1995. Additionally, the Commission stated that all non-mutually exclusive paging applications received through July 31, 1996 would be processed under the Interim Licensing Procedure. Applications received after July 31, 1996 and any application considered mutually exclusive would be subject to the final rules adopted in the paging rulemaking proceeding. As a result of the NPRM and the subsequent actions of the FCC noted above, the Company determined to concentrate on filling out its facilities in markets in which it was currently established and to selectively expand into new market areas as customers may require and as capital becomes available.

On February 19, 1997, the Commission adopted a Second Report and Order (the "Paging Second Report and Order") and Further Notice of Proposed Rulemaking (the "Further Notice") in which it declined to convert the non-exclusive PCP frequencies, including the 157.740 MHz frequency, to exclusive use frequencies.

In a Third Report and Order (the "Paging Third Report and Order") released May 24, 1999, the Commission determined to continue the existing licensing procedure for the non-exclusive PCP channels.

In the Paging Second Report and Order, the Commission also determined to process all non-mutually exclusive applications filed on or before July 31, 1996. All pending mutually exclusive applications, however, regardless of when filed were to be dismissed. On December 14, 1998, the Commission notified the Company that 13 of its pending applications for expansion of its paging systems were dismissed due to mutual exclusivity. This included eight 931.2625 MHz applications for 11 sites in its Orlando, Florida paging system, four 931.3125 MHz applications for its New York paging system, and one application for its 158.10 MHz Jacksonville, Florida paging system. The Paging Second Report and Order also provided that the Commission would accept applications from new applicants for private, internal-use

systems on the non-exclusive PCP channels, including the 157.74 MHz frequency. The Company is now able to file applications for new sites on its 157 MHz and 462 MHz PCP paging systems whenever needed.

In addition, the Commission excluded PCP channels from being licensed on a geographic basis and declined to subject the non-exclusive PCP frequencies, including the 157.740 MHz frequency, to the competitive bidding process. The Company, therefore, is not required to participate in a competitive bidding process to expand its 157 MHz and 462 MHz paging systems.

The Commission, however, adopted a geographic licensing scheme and implemented a competitive bidding process for the exclusive RCC and PCP channels, including the Company's 931 MHz paging channels. Specifically, the FCC adopted geographic licensing for all 931 MHz and all exclusive 929 PCP paging channels based on Rand McNally's Major Trading Areas ("MTAs"). The Paging Third Report and Order, modified the licensing areas, and based them on Department of Commerce Major Economic Areas. Licenses below 929 MHz will be geographically licensed based on the Department of Commerce's 172 Economic Areas. The FCC also excluded from its plan those channels that already have been assigned to single licensees on a nationwide basis under existing FCC rules.

Consequently, the Company may be unable to expand the service areas for its exclusive 931 MHz systems or its 152 MHz and 454 MHz RCC systems unless it participates in a competitive bidding process or it can reach an agreement with the applicable geographic licensee. In the Paging Third Report and Order, the FCC determined to permit a geographic licensee to either disaggregate spectrum, i.e., assign a discrete portion or "block" of spectrum licensed to a geographic licensee, or partition its licensed area, or both. The Commission has adopted, or proposed, a similar approach in other CMRS services, such as the broadband Personal Communications Services and the Specialized Mobile Radio Services. Adoption of the disaggregation and partitioning proposals permits the Company to acquire licensing rights to expand its current exclusive RCC frequencies through agreement with a geographic licensee without requiring participation in a competitive bidding process.

The FCC further concluded that each existing paging licensee will be allowed to either (i) continue operating under existing authorizations or (ii) trade in its site-specific licenses for a single system-wide license. Geographic licensees will be required to afford incumbent constructed and operational stations protection from interference within their service areas. In the 931 MHz and 929 MHz band, the Commission adopted the existing co-channel interference protection standards used with respect to the 931 MHz band. The Commission will continue to use the current co-channel interference protection formulas for the RCC channels below 931 MHz. No incumbent licensees will be allowed to modify or expand their systems beyond their composite interference contour without the consent of the geographic licensee (unless the incumbent licensee is itself the geographic licensee for the relevant channel). The Company, therefore, may continue to operate the systems as currently authorized and may make minor modifications to the systems, including adding new sites to supplement coverage within the current composite contours of the particular system.

II. RESALE AND INTERCONNECTION

The FCC also has other various ongoing rulemaking proceedings that may affect the Company. These include proceedings involving resale and interconnections obligations in a competitive paging marketplace and universal service obligations.

On July 15, 1993, the Commission adopted rules that require all providers of interstate telecommunications services to contribute to the provision of Telecommunications Relay Service (TRS) based on their proportionate share of gross interstate revenues. The Company files the required TRS Worksheet and pays the calculated fees annually.

On June 12, 1996, the Commission adopted a First Report and Order that became effective August 23, 1996 in which it declined to impose a resale obligation on either RCC or PCP licensees. The Commission found that resale is an established practice in the paging service and competition appears to be vigorous.

EMPLOYEES

On December 31, 2000, the Company had 55 employees; 16 in administration, 14 in marketing and sales, 17 in network services engineering operations and 8 in networking products. The Company's employees are not unionized, and the Company believes that its relations with its employees are good.

FORWARD LOOKING STATEMENTS

This report contains statements which, to the extent they are not recitations of historical fact, may constitute "forward-looking statements." These statements are subject to risks and uncertainties which could cause actual results to differ materially from those anticipated. See the fuller discussion of these statements under the heading "Forward-Looking Statements", which is included in Item 7 of this report.

ITEM 2. PROPERTIES

The Company leases a total of approximately 33,000 square feet of office space in two different locations, including Norcross, Georgia, and Syosset, New York. The Company also currently leases a total of approximately 29,000 square feet at five different locations for its TCCs. The Company has approximately 460 site and tower leases for the operation of its network transmitters and other equipment on commercial broadcast towers and at other fixed sites. These leases expire at various dates from 2001 to 2007.

The Company believes that in general the terms of its leases are competitive based on market conditions. The Company believes its facilities are suitable and adequate for its purposes.

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to routine litigation in the ordinary course of business and may become subject to future litigation arising out of its operations in the ordinary course of business. Due to the Company's limited financial capabilities, the adverse determination of any legal proceeding could significantly impair the Company's ability to fund its future operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET AND DIVIDEND INFORMATION

Beginning March 1, 1996, and continuing through March 22, 1999, the Company's Common Stock traded on the Nasdaq Stock Market's National Market under the symbol "PFNT." The Company's Common Stock was delisted from the Nasdaq Stock Market's National Market effective as of the close of business on March 22, 1999. Since March 23, 1999, the Company's Common Stock has been traded on the Over The Counter Bulletin Board and on August 16, 2000, changed its stock symbol to "PNLG." Prior to March 1, 1996, there was no established public trading market for the Common Stock.

Set forth below are the high and low sales prices for the shares of the Company's Common Stock for each quarterly period in 1999 and 2000.

<TABLE>
<CAPTION>

	1999	
QUARTER ENDED	HIGH	LOW
<S>	<C>	<C>
March 31	$1.69	$0.09
June 30	0.56	0.06
September 30	0.28	0.13
December 31	0.38	0.09

</TABLE>

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On March 30, 2001 there were approximately 1,332 stockholders of the Company, based on the number of holders of record and an estimate of the number of individual stockholders represented by securities position listings.

Since organization, the Company has not paid any cash dividends on its Common Stock and does not anticipate paying any cash dividends in the foreseeable future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of dividends paid with respect to previously outstanding Redeemable Convertible Preferred Stock.

The Company intends to retain all working capital and earnings, if any, to fund the Company's operations. Any future determination with respect to the payment of dividends will be at the discretion of the Board of Directors and will depend upon, among other things, the Company's results of operations, financial condition and capital requirements, the terms of any then existing indebtedness, general business conditions and such other factors as the Board of Directors deems relevant.

The Company's credit facilities contain covenants which, among other things, prohibit the payment of dividends.

RECENT SALES OF UNREGISTERED SECURITIES

The were no sales of unregistered securities in 2000.

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ITEM 6. SELECTED FINANCIAL DATA

The following selected financial and operating data as of and for each of the five years in the period ended December 31, 2000 are derived from the consolidated financial statements and other records of the Company. The data should be read in conjunction with the consolidated financial statements and related notes and other financial information included herein.

<TABLE>
<CAPTION>

<S>	1996 <C>	1 (IN T <C>
STATEMENT OF OPERATIONS DATA:		
Revenues		
Network services	$ 6,121	$ 1
Pager sales	5,279	
Networking products	--	
Other services	334	
Total revenues	11,734	1
Cost of revenues		
Network services	4,621	
Pager sales	7,830	
Networking products	--	
Other services	12	
Total cost of revenues	12,463	1
Gross margin	(729)	
Selling, general and administrative expenses	7,959	1
Other	--	
Depreciation and amortization	2,428	
Impairment loss(1)	--	
Operating loss	(11,116)	(1
Interest expense	(235)	(
Interest income	1,121	
Gain/(loss) on asset disposal	--	
Loss from continuing operations before income taxes and cumulative effect of change in accounting principle	(10,231)	(1
Income tax benefit	--	
Net loss from continuing operations before cumulative effect of change in accounting principle	(10,231)	(1
Discontinued operations:		
Net income/(loss) from discontinued operations, net of income tax	31	
Gain on sales of subsidiaries, net of income tax	--	
Net income from discontinued operations	--	
Cumulative effect of change in accounting principle	--	
Net loss	(10,199)	(1
Net loss attributable to Common Stock	$(11,674)	$(2
Net income/(loss) per share of Common Stock from(2):		
Continuing operations before cumulative effect of change in accounting principle	$ (0.91)	$
Discontinued operations, net of income tax	$ 0.0	$
Cumulative effect of change in accounting principle	--	
Net loss per share of Common Stock	$ (0.91)	$
Weighted average number of common shares used in calculating net loss per share of Common Stock	12,815	1
Pro forma net loss assuming change in accounting principle is applied retroactively	$(12,197)	$(1
Pro forma net loss attributable to Common Stock assuming change in accounting principle is applied retroactively	$(13,671)	$(2

Pro forma net loss per share	$ (1.07)	$
EBITDA(3)	$ (8,688)	$(1
Capital expenditures (including network asset purchases)	$ 16,495	$ 1

</TABLE>

<TABLE>
<CAPTION>

<S>	1996 <C>	1 <C>
BALANCE SHEET DATA:		
Current assets	$ 30,725	$ 1
Property and equipment, net	21,559	2
Total assets	66,125	6
Notes payable, including current portion	17,025	1
Redeemable preferred stock	--	1
Stockholders' equity (deficit)	40,583	2

</TABLE>

(1) At December 31, 1999, an impairment loss of $1.3 million was charged to operations as a write down of the assets recorded by the Company for its previously planned network expansion.

(2) All net loss per share amounts were computed using the requirements of Statement of Financial Accounting Standards No. 128, Earnings per Share, and SEC Staff Accounting Bulletin No. 98. Basic and diluted amounts are identical. See note B-15 to the consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data".

(3) "EBITDA" represents earnings from continuing operations before impairment loss, interest expense, interest income, taxes, depreciation and amortization. EBITDA is a financial measure commonly used in the telecommunications industry and should not be construed as an alternative to operating income (as determined in accordance with generally accepted accounting principles), as an alternative to cash flows from operating activities (as determined in accordance with generally accepted accounting principles), or as a measure of liquidity.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial condition and results of operations of the Company should be read in conjunction with the consolidated financial statements and notes thereto.

OVERVIEW

The Company was founded in 1991 to provide unbranded, wholesale one-way wireless messaging network services to companies for resale to their customers. In pursuing this strategy, the Company developed a number of advanced networking technologies aimed at increasing its efficiency as a network operator. During 1999, the Company completed development of its intelligent, high-speed switching technology and began to commercialize related products for sale to other companies. This technology creates networking solutions that provide companies with greater processing efficiencies, cost savings, and an open platform to bring them closer to their customers through unified service offerings. In early 2000, the Company began to ship its first software enhanced networking products and is developing a number of additional hardware, software and service offerings to address each of the wireless, fixed network and Internet marketplaces. With the introduction of its networking products, the Company intends to augment its one-way wireless network services and evolve into a developer and supplier of advanced communications hardware and software products. The Company is at an early stage of development of its networking products business. Substantially all of its revenues are currently derived from its network services.

Beginning in 1996 and continuing for the majority of 1999, the Company was also a provider of pager and cellular repair services and of network engineering services. During 1999, concurrent with the completion of development of the Company's intelligent, high-speed switching technology, the Company divested of its wholly owned subsidiaries through which it provided these additional services. The closing of these transactions allowed the Company to focus exclusively on its network-related business, including the development and marketing of its networking products. In May 1999, the Company sold its engineering services business, Preferred Technical Services, Inc. ("PTS"), which it had acquired in July 1996. In December 1999, the Company sold its pager and cellular repair business, EPS Wireless, Inc. ("EPS"), which it had acquired in December 1996.

During the past several years, the Company has undertaken certain initiatives to gain greater operating efficiencies and to reduce its overall operating costs. The Company intends to continue to pursue strategies to rationalize its network services business, which will include both marketing initiatives to increase related revenues, as well as further cost reduction efforts. These cost reduction efforts may include, among other things, the internal deployment of the Company's networking

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technologies in order to achieve operating cost reductions, and may also include the sales of certain network assets that do not contribute to profitability. Results of operations from EPS and PTS are presented as discontinued operations and all prior periods have been restated accordingly. Other than with respect to those results reported as discontinued operations, management's discussion and analysis of financial condition and results from operations reflects only continuing operations.

During the years ended December 31, 1998, 1999 and 2000, no customer of the Company provided greater than 10% of its revenues.

RESULTS OF OPERATIONS

The table below provides the components of the Company's consolidated statements of operations and EBITDA for each of the three years ended December 31, 1998, 1999 and 2000, as a percentage of total revenues.

<TABLE>
<CAPTION>

<S>	1998 <C>
Revenues	
Network services	67.5%
Pager sales	31.5
Networking products	--
Other services	1.0
Total revenues	100.0
Cost of revenues	
Network services	44.0
Pager sales	31.9
Networking products	--
Other services	--

Total cost of revenues	75.9
Gross margin	24.1
Selling, general and administrative expenses	50.2
Other expenses	--
Depreciation and amortization	31.1
Impairment loss	--
Operating loss	(57.3)
Interest expense	(10.3)
Interest income	1.8
Loss from continuing operations before income taxes and cumulative effect of change in accounting principle	(65.7)
Income tax benefit	--
Net loss from continuing operations before income taxes and cumulative effect of change in accounting principle	(65.7)
Discontinued operations	
Income/(loss) from operations, net of income tax	(11.9)
Gain on sales of subsidiaries, net of income tax	--
Net income/(loss) from discontinued operations	(11.9)
Cumulative effect of change in accounting principle	--
Net loss	(77.6)%
EBITDA	(26.1)%

</TABLE>

YEAR ENDED DECEMBER 31, 2000 COMPARED TO YEAR ENDED DECEMBER 31, 1999

Revenues

Total revenues were $14.1 million for the year ended December 31, 2000 compared to $17.0 million for the year ended December 31, 1999. The decrease in total revenues compared to the prior year was due to lower revenues from network services and pager sales. This was partially offset to an insignificant extent by an increase in revenues from networking products, which PNI began to sell in 2000.

Revenues from network services were $10.5 million for the year ended December 31, 2000 compared to $12.8 million for the year ended December 31, 1999. PNI's airtime revenues have been affected by industry trends of increased competition for reseller service units, declining service unit net additions and declining average revenue per unit ("ARPU").

The Company's airtime revenues were also affected by its limited working capital available for pager purchases in 2000, because its customers typically rely on the Company for pager supply in order to add service units to the Company's networks. Due to these factors, PNI experienced a decline in total units in service to 409,979 at December 31, 2000, compared to 525,622 at December 31, 1999. In addition, total average revenue per unit ("ARPU") declined to $1.88 for the year ended December 31, 2000, compared to $1.99 in the prior year. PNI has undertaken certain marketing initiatives to address these competitive pressures; however, no assurances can be given that these marketing initiatives will lead to increased airtime revenues in the future, and the trend toward decreasing network services revenues may continue.

Revenues from pager sales were $3.2 million for the year ended December 31, 2000 compared to $4.0 million for the year ended December 31, 1999. The decrease in revenues from pager sales resulted from a limited amount of working capital available to the Company to purchase pagers in 2000.

PNI is in the early stages of development of its networking products business. PNI began commercial shipments of its first networking product, the iTerminal(TM) desktop messaging terminal, in early 2000, and has subsequently introduced additional products, including its Platform1(R) intelligent, high-speed, modular switch. PNI generated $302,000 of revenues from sales of networking products during 2000. During the second half of 2000, PNI's development team was primarily engaged in a Platform1(R) customer product installation. Due to PNI's limited development personnel, dedication of these personnel to that installation inhibited its ability to complete customer orders. Due to the early stages of commercial sales of PNI's networking products and PNI's limited working capital, there can be no assurance that the Company will not experience further delays or that PNI's networking products will achieve significant sales volumes.

Cost of Revenues

Cost of network services were $6.9 million for the year ended December 31, 2000 compared to $8.3 million for the year ended December 31, 1999. The decrease in cost of network services is due to continued initiatives to reduce operating costs.

Cost of pager sales were $2.9 million for the year ended December 31, 2000 compared to $3.8 million for the year ended December 31, 1999, due primarily to the decrease in pager revenue.

Cost of networking products for the year ended December 31, 2000 was $394,000. The majority of the cost of networking products for 2000 resulted from an allocation of expenses that had previously been included in S,G&A and are now associated with the delivery of commercial products. Due to the early stages of commercial sales of PNI's networking products and its attempts to build its networking products business, this relatively fixed expense allocation exceeded the networking products revenues for the year.

Overhead

S,G&A expense was $6.6 million for the year ended December 31, 2000 compared to $8.4 million for the year ended December 31, 1999. The decreases in S,G&A were due primarily to certain cost reduction measures during the third quarter of 1999 through employee terminations, and the reallocation of certain SG&A expenses to cost of networking products.

Depreciation and amortization expense was $5.2 million for the years ended December 31, 2000 and 1999.

Interest expense was $662,000 for the year ended December 31, 2000 compared to $1.8 million for the year ended December 31, 1999. The decrease in 2000 is the result of reductions in total debt outstanding in the second and fourth quarters of 1999.

Net loss for the year ended December 31, 2000 was $8.3 million compared to $10.3 million for the year ended December 31, 1999 (1999 net loss represents continuing operations before impairment loss and cumulative effect of change in accounting principle). The decreased losses are due to decreases in SG&A and interest expense, as described above.

The net loss attributable to Common Stock for the year ended December 31, 2000 was $12.0 million compared to $8.5 million for the year ended December 31, 1999. The net loss attributable to Common Stock for 2000 increased due to gains recognized on the sales of EPS and PTS in 1999.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

Revenues

Total revenues were $17.0 million for the year ended December 31, 1999 compared to $19.6 million for the year ended December 31, 1998, due primarily to decreased pager sales.

Revenues from network services were $12.8 million for the year ended December 31, 1999 compared to $13.2 million for the year ended December 31, 1998. Total units in service remained relatively unchanged at December 31, 1999 (525,622), compared to December 31, 1998 (525,274). However, total ARPU declined to $1.99 for the twelve months ended December 31, 1999, compared to $2.23 in the prior year.

Revenues from pager sales were $4.0 million for the year ended December 31, 1999 compared to $6.2 million for the year ended December 31, 1998. The decrease in revenues from pager sales resulted from a limited amount of working capital available to the Company to purchase pagers in 1999.

Cost of Revenues

Cost of network services was $8.3 million for the year ended December 31, 1999 compared to $8.6 million for the year ended December 31, 1998. The decrease in cost of network services is due to continued initiatives to reduce operating costs.

Cost of pager sales were $3.8 million for the year ended December 31, 1999 compared to $6.2 million for the year ended December 31, 1998, due primarily to the decrease in pager sales.

Overhead

S,G&A was $8.4 million for the year ended December 31, 1999 compared to $9.8 million for the year ended December 31, 1998. The decreases in S,G&A were due to certain cost reduction measures during the third quarter of 1999 through employee terminations.

Depreciation and amortization expense was $5.2 million for the year ended December 31, 1999 compared to $6.1 million for the year ended December 31, 1998. The decrease is due to the lesser amount of equipment purchased or placed in service during 1998 compared to prior years combined with certain equipment becoming fully depreciated and certain market start-up costs no longer being amortized in 1999.

Interest expense was $1.8 million for the year ended December 31, 1999 compared to $2.0 million for the year ended December 31, 1998. The decrease in 1999 is the result of reductions in total debt outstanding during 1999.

Net loss from continuing operations before impairment loss and cumulative effect of change in accounting principle for the year ended December 31, 1999 was $10.3 million compared to $12.9 million for the year ended December 31, 1998. The decreased losses are due to increases in gross profit and decreases in SG&A. At December 31, 1999, an impairment loss of $1.3 million was charged to operations as a write down of the assets recorded by the Company for its previously planned network expansion. There was no impairment loss for the year ended December 31, 1998. The cumulative effect of change in accounting principle for the year ended December 31, 1999 resulting from the write-off of market start-up costs as required by SOP 98-5 was $1.2 million, net of a tax benefit of $623,000, and $0 for the year ended December 31, 1998. The Company also recorded a $4.0 million income tax benefit from the sale of PTS and EPS in 1999.

The net loss from discontinued operations, net of tax, for the year ended December 31, 1999 was $153,000 compared to net loss of $2.3 million for the year ended December 31, 1998. The gain on the sales of PTS and EPS, net of income taxes of $5.1 million, for the year ended December 31, 1999 was $4.0 million.

The net loss attributable to Common Stock for the year ended December 31, 1999 was $8.5 million compared to $18.2 million for the year ended December 31, 1998. The net loss attributable to Common Stock for 1999 decreased due to decreased operating losses and the gain on the sales of PTS and EPS. This decrease was partially offset for the year by the impairment loss and cumulative effect of adopting the new accounting principle for market entry costs.

LIQUIDITY AND CAPITAL RESOURCES

Summary of 2000 Events

At December 31, 2000, PNI had $1.9 million in cash, $1.6 million in net accounts receivable, $1.9 million in accounts payable and $1.2 million in accrued liabilities. An aggregate of $5.4 million in principal plus accrued interest was outstanding under PNI's credit facilities with its lenders as of December 31, 2000. PNI's net cash used in continuing operations for the twelve month period ended December 31, 2000 was $2.3 million, compared to $4.8 million in 1999. The improvement in the twelve month period was due to reduced net losses from continuing operations before impairment loss and cumulative effect of change in accounting principle, and due to management of the Company's current liabilities.

During 2000, PNI continued in its efforts to develop its networking products business, and to that end incurred expenses in the development and promotion of this business that it would not have incurred solely as a provider of network services. PNI has not yet achieved significant sales of its networking products, and its costs attributable to this business have exceeded its revenues. PNI's principal revenue source remains its network services business, which continues its trend toward lower per-user and aggregate revenues. PNI has undertaken certain marketing initiatives to address competitive pressures in its network services business, although no assurances can be given that this will lead to increased airtime revenues in the future, and the trend toward decreasing network services revenues may continue.

The networking products business is an early-stage business operating in a new and rapidly evolving market. PNI's limited operating history with respect to this business makes an evaluation of its business and prospects very difficult. In 2000, PNI derived only $302,000 in total revenues from the sale of networking products. While PNI believes that this low sales volume is attributable in part to PNI's limited resources to exploit its networking products business, it may also be an indication of limited demand for these products. The risks and difficulties that the networking products business will continue to encounter as an early stage business include, but are not limited to, limited funding from PNI, a competitive business environment, the validity of certain patent and intellectual property rights protecting this technology, other competing products offered by third party manufacturers, and the overall economic state of the telecommunications industry. There can be no assurances that PNI will be successful in the sale of networking products.

PNI has three primary lenders, as further discussed in the "Capital Resources" section below. At December 31, 2000, PNI had $1.9 million outstanding under a senior credit facility that is secured by substantially all of the assets of PNI and is to be used for working capital purposes. The amount outstanding under this facility was due on March 31, 2001. PNI notified this lender of its intent to delay this payment and of its efforts to complete a strategic transaction (as further discussed in the "Capital Resources" section below) that would enable it to retire this obligation. PNI is presently in discussions with this lender with respect to forbearance of this lender's rights relating to the defaults during the period in which PNI hopes to consummate the strategic transaction. Beginning in February 2001, PNI ceased to make principal and interest payments to its two other primary lenders, although these payments were due under the applicable loan agreements. These loans are secured by the majority of PNI's paging network assets. As of the date that PNI ceased to make payments to these institutions, the aggregate outstanding balance totaled $3.3 million, of which $1 million was due and payable on March 31, 2001. Thereafter, PNI is required to make regular principal payments to these lenders in the aggregate average monthly amount of $180,000 (in addition to monthly interest payments) for the remainder of 2001. PNI notified these lenders of its intent to delay these payments and of its efforts to complete a strategic transaction that would enable it to retire these obligations, although neither lender has amended its loan agreement with PNI. These lenders presently are able to declare the principal and all accrued interest currently due. In such event, PNI would be required to explore a variety of alternatives, including selling or licensing various assets, or seeking protection under the U.S. Bankruptcy Code.

Capital Resources

PNI continues to experience an erosion of its revenues from traditional one-way paging, which is the core of PNI's network services business and its principal revenue source. This decline in networking services revenue is indicative of the trends experienced by other one-way paging carriers. PNI expects to continue to experience significant net losses and negative cash flows. At the same time, PNI has been unable to borrow additional amounts from its existing lenders, or to obtain access to other sources of debt or equity capital, in amounts sufficient to fund current operations. As a result, PNI expects that cash generated from operations, plus its existing cash resources, will not permit PNI to continue as a going concern beyond the second quarter of 2001 without a significant change in its business, debt restructuring and/or completion of a strategic transaction.

PNI has purchased certain of its paging network equipment under a vendor financing facility bearing interest at the rate of 12.57%. This credit facility was established in 1996 and this lender has since amended certain terms and conditions.

This credit facility contains various conditions, financial covenants and restrictions and is secured by paging equipment. In connection with PNI's sale of its subsidiary EPS Wireless, Inc. in December 1999, this lender amended this facility with respect to the outstanding balance to suspend principal payments until March 31, 2001 (although PNI is still obligated to pay interest). A principal payment of $1 million was due March 31, 2001, following which PNI is obligated to make monthly principal payments of approximately $124,000 until December 2001. As of December 31, 2000, there was $1.9 million outstanding under this facility with no additional availability. PNI ceased to make interest payments to this lender in February 2001 and as of the date of this filing has not made the payment due on March 31, 2001, both of which constitute events of default. PNI notified this lender of its intent to delay these payments and of its efforts to complete a strategic transaction (as further described below) that would enable it to retire this obligation, although this lender has not amended its loan agreement with PNI. This lender presently is able to declare the principal and all accrued interest currently due, which would have a material adverse effect on the Company.

The Company has purchased certain of its paging network equipment under a secured credit facility from a finance company bearing interest at a rate of 10.0%. This credit facility was established in 1996 and this lender has since amended certain terms and conditions. This credit facility contains various conditions, financial covenants and restrictions and is secured by paging equipment. In connection with the sale of its subsidiary Preferred Technical Services, Inc., in May 1999, this lender amended this facility with respect to the outstanding balance to suspend principal payments until May 2000 (although the Company is still obligated to pay interest). In May 2000, a principal payment of $613,000 was due and paid, following which monthly principal payments of approximately $56,000 are due until February 2003. As of December 31, 2000, there was $1.4 million outstanding under this facility with no additional availability. PNI ceased to make principal and interest payments to this lender in February 2001, both of which constitute events of default. PNI notified this lender of its intent to delay these payments and of its efforts to complete a strategic transaction (as further described below) that would enable it to retire this obligation, although this lender has not amended its loan agreement with PNI. This lender presently is able to declare the principal and all accrued interest currently due, which would have a material adverse effect on the Company.

During 1999, the Company repaid in full its senior credit facility that was used to finance paging network acquisitions. At December 31, 1999, the Company had established a $2.0 million revolving credit facility with this financial institution to be used for working capital purposes. The outstanding balance under this facility bears interest at 2% plus the prime rate. The amount outstanding under this facility as of December 31, 2000 was $1.9 million, which was due on March 31, 2001. PNI notified this lender of its intent to delay this payment and of its efforts to complete a strategic transaction (as further described below) that would enable it to retire this obligation. PNI is presently in discussions with this lender with respect to forbearance of this lender's rights resulting from the defaults during the period in which PNI hopes to consummate the strategic transaction. Borrowings under this facility are secured by substantially all the assets of the Company. This credit facility contains various conditions, financial covenants and restrictions related to a variety of issues. This lender presently is able to declare the principal and all accrued interest currently due, which would have a material adverse effect on the Company.

Because of the reduction in cash flow and concurrent failure to meet the debt obligations discussed above, PNI's lenders could exercise their rights to accelerate such debt. In certain circumstances, the holders of PNI's Class A Redeemable Preferred Stock and the Class B Senior Redeemable Preferred Stock also may accelerate the debt associated with those classes of Preferred Stock. In either event, PNI would be unable to satisfy those obligations.

In addition to the above-described issues related to PNI's indebtedness, PNI's current financial situation could impact operations in a number of other ways, some, but not all, of which are described here. PNI

continues to operate at a loss, and does not expect continuing operations to generate sufficient cash to meet its continuing obligations. PNI's current financial condition may adversely affect its ability to obtain supplies and services from vendors on acceptable terms, to maintain relationships with its existing vendors (in particular, its relationships with suppliers responsible for keeping PNI's networks operational), and to retain and attract employees and customers. These factors could, in turn, aggravate the condition PNI presently is experiencing by further reducing revenues and operating cash flow.

PNI is seeking to restructure its existing indebtedness either in connection with a strategic transaction or on a stand-alone basis. PNI cannot predict the terms on which its indebtedness will be restructured or whether any restructuring will retain any value for the holders of its preferred and common stock. Further, PNI may not be able to restructure its existing indebtedness on terms acceptable to creditors. PNI may have to seek protection under the U.S. Bankruptcy Code, which will subject many transactions to court approval and result in additional costs associated with the bankruptcy process, including professional fees and other costs of administration. If a bankruptcy filing is made, PNI may not be able to propose or have confirmed a plan of reorganization acceptable to creditors, or, in the case of a chapter 11 filing, to emerge from chapter 11 bankruptcy. Because of the expense associated with a bankruptcy proceeding and the need to have some resources available

to fund the bankruptcy process at the time of filing, PNI will continue to consider such a filing an option which could be exercised by PNI at any time.

If PNI was required to satisfy its obligations to its lenders, became insolvent or was liquidated, and PNI's lenders proceeded against PNI's assets to satisfy those obligations, the value of its assets might not be sufficient to satisfy those obligations. This condition could be exacerbated by the fact that some of PNI's assets are intangible assets, primarily FCC licenses, goodwill and subscriber lists. At December 31, 2000, PNI's total assets were approximately $30 million, of which net intangible assets were approximately $14 million. The value of these intangible assets in the context of a liquidation or sale of business may be less than indicated in PNI's financial statements as a result of a variety of factors, including changes in technology, regulation, and available financing or competitive pressures. There can be no assurance that the value of PNI's assets is, or will be, sufficient to repay its debt obligations. Even if PNI is able to satisfy its debt obligations, this could exhaust most, if not all, of PNI's assets. In such a situation, there would be little, if any, surplus remaining for distribution to the holders of PNI's preferred and common stock.

Currently, PNI is in negotiations with a third party with respect to a merger transaction that, if concluded, is expected to enable PNI to retire its debt obligations and to access additional working capital for growth. The parties to the potential transaction hope to complete the transaction during the second quarter of 2001, although there can be no assurance that the strategic transaction will be consummated or that, if consummated, it will be consummated in the second quarter. PNI continues to explore a variety of financing and restructuring alternatives, including selling or licensing various assets and restructuring or reorganizing its outstanding debt and/or its business. PNI has thus far not consummated a financing or restructuring, or a reorganization or other strategic transaction that would enable it to satisfy its lenders and other creditors and continue to fund its business. There can be no assurance that such a transaction will be consummated on terms acceptable to PNI, if at all, before PNI's available resources are consumed.

EFFECT OF INFLATION AND SEASONALITY

Inflation is not a material factor affecting the Company's business. The cost to the Company of purchasing pagers has declined significantly in recent years, and this reduction in cost has been reflected in lower prices charged to the Company's customers and lower cost of pagers to the Company as a percentage of its pager sales. General operating expenses such as salaries, employee benefits, and occupancy costs are subject to normal inflationary pressures.

Seasonality is not a material factor affecting the Company's business although pager sales are generally higher in the fourth quarter of the year due to higher demand from the Company's customers' subscribers during the holiday season.

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this Annual Report on Form 10-K and other materials filed or to be filed by PNI with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by PNI) contains statements that are or will be forward-looking, such as statements relating to future sales activity or financial performance, marketing efforts and their possible results, financing and restructuring alternatives and their possible results, the possibility of any reorganization, acquisition or other strategic transaction, future capital expenditures, financing sources and availability and the effects of laws and regulations (including FCC regulations) and competition. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by or on behalf of PNI. These risks and uncertainties include, but are not limited to, uncertainties affecting the wireless industries generally; risks relating to PNI's expansion and other business development activities; risks related to the deployment and feasibility of PNI's new networking technologies and products; risks relating to technological change in the wireless industries; risks associated with PNI's efforts to commercialize and market successfully its networking products, such as the Platform1(R) and iTerminal(TM) products; the relatively unproven nature of PNI's networking products, which represent a new product line for PNI; challenges to PNI's technologies (such as challenges to the validity of patents on PNI's switching technology); risks relating to the ability of PNI to obtain additional funds in the form of debt or equity (including availability of financing terms acceptable to PNI); fluctuations in interest rates; and the existence of and changes to federal and state laws and regulations. In particular, statements relating to the competitive position and performance of PNI's current and future networking products and their expected performance in the marketplace are forward-looking statements that are subject to

risks and uncertainties. PNI operates in a highly competitive marketplace and new product developments by competitors can occur at any time, thereby diminishing the attractiveness of PNI's products.

YEAR 2000 DISCLOSURE

The "Year 2000" issue was the result of some computer programs being written using two digits instead of four digits to define an applicable year. Time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000 which could result in miscalculations or system failure. The Year 2000 issue was believed to affect all companies and organizations, including the Company. The Company believes its transition to the Year 2000 has been successful. To date, there have been no internal operational, testing or accounting software problems and no interruptions of service with third parties. The total costs incurred by the Company in capital expenditures, personnel time and other expenses related to the Year 2000 issue was approximately $385,000.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company conducts most of its business in the U.S. and, therefore, the Company believes that its exposure to foreign currency exchange rate risk at December 31, 2000 was not material.

The Company does not engage in trading market risk sensitive instruments. The Company also does not purchase for investment, hedging or for purposes "other than trading", instruments that are likely to expose it to market risk, whether interest rate, foreign currency exchange, commodity price or equity price risk.

The Company's interest income and expense are most sensitive to changes in the general level of U.S. interest rates. In this regard, changes in the U.S. interest rates affect the interest earned on the Company's cash equivalents and short-term investments and interest paid on its debt. Due to the short term nature of its debt, the Company does not believe that changes to interest rates would have a material impact.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the Financial Statements of the Company filed as Part IV of this report, which begin on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH AUDITORS

On October 25, 1999, Ernst & Young LLP resigned as the Company's independent auditors. On January 21, 2000, the Company engaged Grant Thornton LLP as its new independent auditors. Reference is made to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 29, 1999 (with respect to the resignation of Ernst & Young LLP), and the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 27, 2000 (with respect to the engagement of Grant Thornton LLP), which are incorporated herein by reference. The foregoing reports indicate that there were no disagreements with these accountants.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to the directors of the Company will be set forth under the caption "Election of Directors" in the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders (the "2000 Proxy Statement"). Such information is incorporated herein by reference. Information relating to the executive officers of the Company will be set forth under the caption "Executive Officers of the Company" in the 2001 Proxy Statement. Such information is incorporated herein by reference. Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, by directors and executive officers of the Company and beneficial owners of more than 10% of the Company's Common Stock will be set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2001 Proxy Statement. Such information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to executive compensation will be set forth under the caption "Executive Compensation" in the 2000 Proxy Statement. Such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information relating to ownership of the Company's securities will be set forth under the caption "Stock Ownership" in the 2001 Proxy Statement. Such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information relating to transactions and relationships with related parties will be set forth under the captions "Compensation Committee Interlocks and Insider Participation" and "Certain Transactions" in the 2000 Proxy Statement. Such information is incorporated herein by reference.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements.

The following financial statements of the Company and Reports of Independent Auditors are filed as part of this Report pursuant to Item 8.

Reports of Independent Auditors

Consolidated Balance Sheets as of December 31, 1999 and 2000

Consolidated Statements of Operations for the years ended December 31, 1998, 1999 and 2000

Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 1998, 1999 and 2000

Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1999 and 2000

Notes to Consolidated Financial Statements

2. Financial Statement Schedules.

The following financial statement schedule of the Company and Reports of Independent Auditors is filed as a part of this Report pursuant to Item 8:

Schedule II - Valuation and qualifying accounts Reports of Independent Auditors

All other schedules have been omitted since the required information is